

Message Text

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SUBJECT: FOREIGN INVESTMENT IN CANADA - A COLUMNIST'S VIEW

1. NEXT MONTH'S VISIT TO EUROPE BY ONTARIO PREMIER DAVIS TO SEEK FOREIGN INVESTMENT PROMPTED COLUMNIST NORMAN WEBSTER, WRITING IN GLOBE AND MAIL OF AUGUST 30, TO OUTLINE REASONS FOR CURRENT LOW LEVELS OF FOREIGN INVESTMENT IN CANADA. WEBSTER CONCLUDES THAT DAVIS "COULD TURN HIS ATTENTION SOUTH OF THE BORDER. AMERICAN INVESTORS NEED A LITTLE ENCOURAGEMENT, TOO."

2. QUOTING ONTARIO'S TREASURER DARCY MCKEOUGH, WHO HAS STATED THAT CANADA IS NOT NOW GETTING ITS SHARE OF NEW FOREIGN INVESTMENT, COLUMNIST WEBSTER CALLS MCKEOUGH COMMENT A "THUMPING UNDERSTATEMENT," SINCE FOREIGN INVESTMENT IN CANADA "CONTINUES TO SLUMP HORRENDOUSLY" AND EVEN CANADIAN INVESTORS ARE "SENDING THEIR MONEY OUT OF THE COUNTRY IN BUSHEL BASKETS."

3. DROP IN DIRECT FOREIGN INVESTMENT, AS CITED BY WEBSTER, WAS FROM \$835 MILLION IN 1970 TO \$425 MILLION
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IN 1975, AND "THINGS ARE GETTING WORSE." IN FOUR

QUARTERS OF 1974, FOREIGN DIRECT INVESTMENT WAS \$128 MILLION, \$166 MILLION, \$63 MILLION, AND \$228 MILLION RESPECTIVELY. IN FIRST THREE QUARTERS OF 1975, AMOUNTS WERE \$60 MILLION, \$190 MILLION AND \$165 MILLION. HOWEVER, "IN THE FOURTH QUARTER, AFTER (WAGE AND PRICE) CONTROLS BEGAN, FOREIGN INVESTMENT PLUNGED TO \$10 MILLION. IN THE FIRST QUARTER OF 1976 IT CAME TO ALL OF \$5 MILLION. THAT'S CALLED TURNING OFF THE TAP."

4. "WHY DON'T FOREIGN INVESTORS LOVE US?", "ASKS WEBSTER. "LET US COUNT THE WAYS." HE LISTS: WAGE AND PRICE CONTROLS, FOREIGN INVESTMENT REVIEW AGENCY, ONTARIO'S LAND TRANSFER TAX, SASKATCHEWAN'S MOVE TO NATIONALIZE POTASH INDUSTRY, HIGH LABOR COSTS, STRIKES, "WORRIES ABOUT CANADIAN PRODUCTIVITY." "EVER-LOUDER GROWL OF CANADIAN NATIONALISM," INCREASING ATTRACTIVENESS OF U.S. "AS HAVEN FOR INVESTMENT" (AND "ALL THIS DOESN'T EVEN MENTION OUR KILLING OF BABY SEALS.").

5. WEBSTER QUOTES PREMIER DAVIS ON WHAT HE EXPECTS ACCOMPLISH WITH HIS 12-MAN TEAM TO EUROPE TO SEEK INVESTMENT. DAVIS REPORTEDLY SAID THAT FOREIGN BUSINESSMEN "ARE CONCERNED THAT THE CONTROL OF BUSINESS MAY BE HERE FOR A MUCH LONGER PERIOD OF TIME. I WILL BE EMPHASIZING THAT WE SEE CONTROLS LASTING ONLY ANOTHER 18 MONTHS." DAVIS SUPPOSEDLY WILL STRESS JOINT VENTURES, AND HE WILL TRY ALLAY FOREIGN FEARS ABOUT "WHETHER PEOPLE ARE STILL WELCOME HERE TO DO BUSINESS."
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